

# NEWS RELEASE

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*AGs from 41 states and D.C. prevail in multi-state agreement*

## **Attorney General reaches accord with H&R Block on reimbursement**

(April 24, 2003—Phoenix, AZ) H&R Block Services, Inc., has agreed to establish a fund to reimburse clients who paid for the tax-preparation company's "Peace of Mind" guarantee but may not have wanted to purchase the optional service, Attorney General Terry Goddard announced today.

The agreement, reached by attorneys general of 41 states, the corporation counsel of the District of Columbia and H&R Block, concerns the company's guarantee to pay up to \$5,000 of any additional income tax owed due to a preparer's error.

"This settlement will provide restitution to customers who were charged for the Peach of Mind guarantee but who do not believe they were adequately informed of their choice," said Goddard. "The agreement will prevent this problem from arising in the future, as well."

The attorneys general said Block added a fee of \$22 for the guarantee to all consumer tax return preparation invoices without first obtaining the consumer's affirmative acceptance. Block denies that it violated any consumer protection statute and maintains that it did not deprive its customers of the choice.

The agreement calls on H&R Block to establish a fund of \$1 million to be utilized to pay refunds to eligible consumers who had a tax return prepared at an H&R Block office in tax season 2001.

Under the terms of the settlement H&R Block will seek a consumer's affirmative agreement before charging for the guarantee in the future. The company may not make a representation that it "recommends" purchasing the guarantee until the customer has been provided the material terms and conditions of the guarantee.

H&R Block also agreed to reimburse the states for the cost of bringing the action against the company.

To be eligible, consumers must have had a tax return prepared in the 2001 tax season, has charged for the guarantee as an additional component, never utilized the guarantee and believe they were never informed that the guarantee was added for a fee to their tax preparation serve, Goddard said.

Eligible consumers must make a request either by phone, toll-free at 866-522-7083, or on the web at [http://www.hrblock.com/customer\\_support/pom.jsp](http://www.hrblock.com/customer_support/pom.jsp) for English or [http://www.hrblock.com/customer\\_support/pom\\_es.jsp](http://www.hrblock.com/customer_support/pom_es.jsp) for Spanish.

Consumers must make their application for refund within 120 days of the date of the agreement between the state and H&R Block.

Assistant Attorney General Kathryn Leonard was the lead attorney for the Arizona Attorney General's Office on this case.